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No. 96-783

IN THE

Supreme Court of the United States

OCTOBER TERM, 1996

HOLIDAY INNS, INC.,

Petitioner,

v.

800 RESERVATION, INC., *et al.*,

Respondents.

On Petition For A Writ of Certiorari
To The United States Court of Appeals
For The Sixth Circuit

REPLY BRIEF FOR PETITIONER

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Petitioner Holiday Inns, Inc. respectfully submits this reply brief in support of its petition for a writ of certiorari.

I. The Decision Below Creates A Circuit Conflict By Holding That Use Of The Plaintiff's Mark Or A "Copy" Or "Facsimile" Thereof Is A Prerequisite To Liability Under The Lanham Act

Respondents contend (Opp. 8-10) that the first question raised in Holiday Inns' petition is not actually presented in this case. In their view, the court of appeals entered judgment against Holiday Inns because it found that respondents "did not use *any trademark*" in commerce. Opp. 8 (emphasis added); *see* Opp. 9 (no liability "where the defendant does not use *any mark at all*") (emphasis added); Opp. 10 ("a defendant that did not use *a trademark*") (emphasis added); Opp. 11 ("the instant case does not involve *any use of a mark*") (emphasis added). Respondents' argument is without merit.

In the first place, and contrary to respondents' unsupported assertions, nothing in the Lanham Act requires a plaintiff to prove that the defendant used a "mark" or "trademark."[1] The plain language of the statute imposes liability for the use in commerce of

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[1] The Lanham Act defines a "mark" to include "any trademark [or] service mark," and "service mark" to mean "any word, name, symbol, or device, or any combination thereof . . . used by a person . . . to identify and distinguish the services of one person . . . from the services of others and to indicate the source of the services, even if that source is unknown." 15 U.S.C. § 1127. This case involves service marks rather than trademarks (which identify goods), but the analysis for purposes of infringement and unfair competition is the same for each. *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 191 n.1 (1985); *Dranoff-Perlstein Assocs. v. Sklar*, 967 F.2d 852, 855 (3d Cir. 1992).

"*any* word, term, name, symbol, or device, or any combination thereof," as long as the defendant's use violates the likelihood-of-confusion test. 15 U.S.C. § 1125(a)(1) (emphasis added). There is simply no basis in the statute or the case law for the contention that liability is limited to the defendant's use of a "mark," and respondents identify none.

On this record, it is undisputed that respondents *did* use in commerce the telephone number 1-800-405-4329, which is functionally identical to the mnenomic 1-800-H[0]LIDAY. The district court and the court of appeals so held (Pet. App. 12a, 18a, 26a-27a, 44a), and respondents concede as much. Opp. 1-2; *see also* Pet. 11 n.7. Thus, respondents' conduct plainly satisfied the "use in commerce" requirement of the Lanham Act, because the telephone number that they admittedly used in commerce falls well within the broad category of "any word, term, name, symbol, or device." The purported absence of any showing that respondents used a "mark" is simply beside the point, and has nothing to do with the question of liability under the Lanham Act.[2]

Wholly apart from the foregoing statutory analysis, moreover, respondents' assertion that they cannot be

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[2] In any event, it is clear on this record that the telephone number used by respondents *was* a service mark, since it was a "symbol, or device, . . . used . . . to identify and distinguish [respondent's] services . . . from the services of others." 15 U.S.C. § 1127; *see also Dranoff-Perlstein Assocs. v. Sklar*, 967 F.2d at 855-56 ("'Telephone numbers may be protected as trademarks.'"); *Dial-A-Mattress Franchise Corp. v. Page*, 880 F.2d 675, 678 (2d Cir. 1989) ("[t]elephone numbers may be protected as trademarks"). Indeed, respondents' telephone number even satisfies the court of appeals' erroneous "promotion" test, because respondents advertised the number in connection with their services. Pet. App. 12a n.6.

held liable because they never used a "mark" is irrelevant for present purposes, because the court of appeals did not base its decision on any such rationale. *Nowhere* in the opinion of the court below is there any statement that the court's judgment rests on this ground; indeed, there is *no* finding that respondents never used a "mark" at all. Instead, the court consistently made clear that the gravamen of its decision was its finding that respondents did not use *Holiday Inns'* mark or a facsimile or copy thereof. *See, e.g.*, Pet. App. 12a (describing respondents' argument that they never used "*Holiday Inns's* registered mark nor any other variant of *Holiday Inns's* trademark") (emphasis added); *id.* at 16a (respondents never used "*Holiday Inns's* trademark nor any facsimile of *Holiday Inns's* marks") (emphasis added); *id.* ("defendants never used a mark or a deceptively similar copy of a mark *owned by Holiday Inns*") (emphasis added).[3]

Given the clear conflicts between this rationale -- *i.e.*, that use of the *plaintiff's* mark or a "copy" or "facsimile" thereof must be shown -- and the numerous cases cited by Holiday Inns (Pet. 14-20), it is unsur-

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[3] Unlike respondents, the lower federal courts have had no difficulty recognizing that this reasoning was the basis for the Sixth Circuit's decision in this case. *See, e.g., Miss Dig System, Inc. v. Power Plus Eng'g, Inc.*, ___ F. Supp. ___, 1996 WL 647616, at *4 (E.D. Mich. Nov. 4, 1996) (characterizing Sixth Circuit's decision as reasoning that "the defendants had engaged in no promotion or advertising of their services that . . . incorporated and displayed the plaintiff's trademark and that they had therefore made no 'use' of *the plaintiff's* trademark as required under the Lanham Act") (emphasis added); *U-Haul Int'l, Inc. v. Kresch*, ___ F. Supp. ___, 1996 WL 640392, at *5 (E.D. Mich. Oct. 29, 1996) ("the Sixth Circuit held that 'the defendants' use of a *protected* mark . . . is a prerequisite to the finding of a Lanham Act violation'") (emphasis added).

prising that respondents are unwilling to acknowledge the legal analysis employed by the court of appeals in this case. But respondents cannot insulate the decision below from review merely by denying what is apparent on the face of the court of appeals' opinion. The express basis for the judgment below is Holiday Inns' failure to prove that respondents used a mark *owned by Holiday Inns* or a "copy" or "facsimile" of such a mark. As previously explained, that rationale conflicts with the decisions of other courts of appeals, and respondents cannot (and do not even attempt to) refute Holiday Inns' showing in that regard. Certiorari is warranted to resolve this square conflict over the meaning and application of the Lanham Act.

II. The Court Of Appeals Created A Decisional Conflict By Holding That Promotional Use Is A Prerequisite To Liability Under The Lanham Act

As Holiday Inns demonstrated in its petition (Pet. 23-24), other federal courts have held that promotional use of an offending mark or symbol is not a prerequisite to liability under the Lanham Act. Respondents correctly do not challenge that proposition, but they contend that it is irrelevant in this case because the court of appeals "did not . . . impose a 'promotional use' requirement" and because "the instant case does not involve any use of a mark." Opp. 11. Both contentions are without foundation.

The only distinction between this case and the Second Circuit's decision in *Dial-A-Mattress Franchise Corp. v. Page*, 880 F.2d 675 (2d Cir. 1989), is that the defendant in the latter case advertised the alphanumeric version of its offending telephone number. The court below expressly relied on that distinction as the sole basis for its refusal to follow the Second Circuit. Pet. App. 14a (distinguishing *Dial-A-Mattress* because

"in our case, the defendants engaged in only minimal advertisement of their travel agency and never promoted a vanity number"). Thus, respondents plainly err in contending that the court of appeals did not impose a "promotion" requirement; the only plausible reading of the decision below is that promotion of the infringing vanity number was deemed an essential element of liability.[4]

Respondents' second contention -- that the true (but unstated) basis for the decision below is that the court found no use of *any* "mark" -- has already been refuted above. The Lanham Act simply does not require plaintiffs to prove that the defendant used a "mark," and the court of appeals did not purport to impose such a requirement. What the court of appeals did instead was to establish a novel "promotion" requirement, and respondents have failed to offer any plausible response to Holiday Inns' showing that the conflict created by that holding provides an additional justification for this Court's review.[5]

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[4] Indeed, the decision below has already been construed in precisely that manner, and it will undoubtedly continue to be so understood by the lower federal courts. *See Miss Dig System, Inc. v. Power Plus Eng'g, Inc.*, 1996 WL 647616, at *5 ("[t]he Sixth Circuit distinguished *Dial-A-Mattress solely* on the grounds that the defendant in that case had advertised an alphanumeric translation of its telephone number") (emphasis added).

[5] Respondents appear to suggest that, in addition to imposing a promotion requirement, the court of appeals also rested its decision on its determination that "'the defendants did not create any confusion.'" Opp. 10. But that rationale is wrong as a factual matter (*see* Pet. App. 30a-31a, 36a-37a, discussing evidence showing that consumers were likely confused and/or misled as a result of respondents' conduct), and in any event the court of appeals applied that reasoning only with respect to Section 32 of the Lanham Act, not to Holiday

III. The Circuit Conflict Over The Standard Of Review Is Squarely Presented In This Case

Respondents concede, as they must, that the courts of appeals are divided over the question whether "likelihood of confusion" determinations are reviewable *de novo*, as the court below held, or only for clear error, as the First, Third, Fourth, Fifth, Seventh, Eighth, Ninth, Tenth, and Eleventh Circuits have held. *See* Pet. 25-27. Respondents contend, however, that the existence of this wide and continuing circuit conflict does not justify review because the question of the appropriate standard of review "is not at issue here." Opp. 12. In their view, the court of appeals decided only that "the threshold 'use' of a trademark had not been established." *Id.*

Once again, respondents err in predicating their entire argument on an interpretation of the opinion below that is directly contrary to the text of the Lanham Act and is wholly unsupported by the language and analysis actually used by the court of appeals. Nothing in the decision below holds that respondents never used a "mark" of any kind; rather, the court of appeals held that respondents never used *Holiday Inns'* mark or a copy thereof.

Moreover, regardless of the reasoning employed by the court below, it is clear that *this* Court would necessarily be presented with the standard-of-review issue if it were to grant certiorari. *See* Pet. 28-29. The court of appeals itself decided that issue (Pet. App. 11a), and it is the threshold question in every Lanham Act infringement or unfair competition appeal. To be sure,

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Inns' independent claim under Section 45(a), 15 U.S.C. § 1125(a). *See* Pet. App. 16a (relying on causation requirement only with respect to § 32); Pet. 9 n.6.

the court of appeals never reached the issue of likelihood of confusion in this case (Opp. 12; Pet. App. 17a-18a), but it avoided that issue only by erroneously imposing a threshold similarity requirement that is contrary to the decisions of numerous other courts and inconsistent with the likelihood-of-confusion test itself. Pet. 10-21. If this Court were to grant review, it would undoubtedly apply the statutory likelihood-of-confusion test rather than the threshold "facsimile" or "copy" test imposed by the court below, and accordingly the question of the proper standard of review would be squarely presented.

IV. Respondents' Erroneous Factual Assertions Do Not Affect The Certworthiness Of This Case

Respondents make a number of factual errors in their brief in opposition, and responses to some of these misstatements are set forth below. Regardless of the precise factual details of this case, however, the crucial point is that the legal analysis set forth in the opinion below creates or compounds several circuit conflicts and warrants this Court's review.

a. Respondents mischaracterize the record in asserting that the district court "found . . . credible" respondents' assertions that a disclaimer was played before every misdialed call to the 1-800-405-4329 (1-800-H[0]LIDAY) number. Opp. 2; *see id.* at 6. The record unambiguously reveals that the district court expressly declined to resolve this factual dispute. Pet. App. 30a ("[t]he court need not resolve this factual dispute"); *id.* at 60a (declining to award treble damages on summary judgment "[i]n view of this apparent conflict in the testimony"); *see also* Pet. App. 6a ("[t]he district court . . . found it unnecessary to resolve this factual dispute"). In granting judgment for respondents, the court of appeals was required to view this disputed issue in the light most favorable to Holi-

day Inns. For respondents to imply that the district court made a finding in their favor on this unresolved factual issue is disingenuous at best.

b. Respondents complain that it was somehow misleading for Holiday Inns to "repeatedly equate[] . . . answering their 1-800-405-4329 telephone number with infringing use of '1-800-H[zero]LIDAY.'" Opp. 5. But respondents do not and cannot dispute the facts that they used the telephone number 1-800-405-4329 to intercept calls intended for Holiday Inns and that that number is functionally identical to the mnemonic 1-800-H[0]LIDAY. Nor do respondents dispute the admitted fact that they intentionally selected the alpha-numeric version of the telephone number, 1-800-H[0]LIDAY -- not its numeric equivalent -- in obtaining the rights to that number. As Call Management's president testified, respondents' "sole purpose in picking *the number 1-800-H[0]LIDAY* was to have consumers who tried to call and intended to call 1-800-HOLIDAY to call [respondents'] number" instead. R.40 at 85 (emphasis added). Given these undisputed facts, it is difficult to understand the basis for respondents' claim that it is unfair for Holiday Inns to equate 1-800-405-4329 with its functional and mnemonic equivalent, 1-800-H[0]LIDAY.

c. Respondents contend that there is "no credible evidence" to support Holiday Inns' assertion that callers who mistakenly dialed respondents' number could end up paying higher room rates than callers who succeeded in reaching Holiday Inns directly. Opp. 6. Both the district court and the court of appeals rejected respondents' contention in this regard. *See* Pet. App. 6a ("a customer would more likely obtain a favorable room rate by contacting Holiday Inns directly, as opposed to contacting 800 Reservations"); *id.* at 28a (same). Just as they did (without success) in the courts below, respondents point to snippets of testimony taken

out of context, but the record as a whole clearly supports the lower courts' determination that, on average, callers to travel agents like respondents end up paying more than callers who contact Holiday Inns directly. *See, e.g.*, R.75, Exh. 2 (Depo. of Ann Fant), at 41 (explaining that travel agents "have a higher *average* daily rate") (emphasis added); *id.* at 29-48; R.40 at 28-34, 46-47; Pet. C.A. Br. 37-39.

CONCLUSION

Distilled to its essence, respondents' only justification for requesting that review be denied in this case is their assertion that the decision below does not rest on the reasoning actually set forth in the opinion, but is instead based on a tacit and statutorily irrelevant determination that respondents never used a "mark" of any kind. Once that assertion is rejected, as it must be in view of the language and reasoning actually used below, there is no real disagreement over the propriety of certiorari review in this case. Respondents do not and cannot deny that, when read in accordance with the language actually employed, the decision below conflicts with numerous decisions of other circuits and creates troubling new prerequisites to liability under the Lanham Act. Accordingly, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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